NTPC's project in Sri Lanka

†2865. SHRI KALRAJ MISHRA:
SHRI MAHENDRA MOHAN:

Will the Minister of POWER be pleased to state:

(a) whether NTPC has entered into an agreement with Sri Lanka Government, for setting up a power plant in that country and if so, the details thereof;

(b) whether it is also a fact that the location proposed by Sri Lanka for setting up the plant is a LTTE affected area;

(c) if so, the details of the security arrangements to be made for the officers proposed to be posted in that area; and

(d) whether NTPC or Government have suggested to set up the plant at an alternative location, if so, the outcome thereof?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) Yes, Sir. NTPC Ltd. has entered into a Memorandum of Agreement (MOA) with Government of Sri Lanka (GoSL) and Ceylon Electricity Board (CEB) on 29.12.2006 to set up a 2x250 MW coal based power project in the Trincomalee region of Sri Lanka through a joint venture with CEB on 50:50 basis.

(b) to (d) GoSL had proposed a plant location at Sampoor in Sri Lanka, which was earlier inhabited by Tamils and was reportedly, got vacated by Sri Lankan defence forces about a year back. However, this site being politically sensitive, Ministry of External Affairs and NTPC Ltd., requested GoSL for suggesting an alternate site.

CEB have now identified another suitable location north of Kappalthurai and intimated that all necessary, in-principle, clearances from their internal agencies have been obtained. After the site location is decided, details of security arrangements will be finalized with GoSL in consultation with Indian High Commission in Sri Lanka and Ministry of External Affairs.

Bidding for Kawas and Gandhar projects

2866. SHRI GIREESH KUMAR SANGHI: Will the Minister of POWER be pleased to state:

(a) whether the prospective bidders who participated in the International Competitive Bidding by NTPC for supply of gas to its Kawas and Gandhar Power Plants, informed NTPC that the terms and conditions, for supply of gas were against international practices;

(b) whether this has resulted into single offer for pipeline gas, single offer of LNG and single bid for services;

(c) whether failure of bidding process affected commissioning schedule of Kawas and Gandhar power projects during the Tenth Five Year plan and if so, the likely date of commissioning; and

---

†Original notice of the question was received in Hindi.

(d) the steps being taken to rectify the situation?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) NTPC Ltd. invited bids through International Competitive Bidding (ICB) route for procurement of natural gas @ 132 Trillion British Thermal Units (Tbtu) per annum for a period of 17 years. Many leading national and international bidders had participated in the bidding. After the qualification process, the Request for Proposal (RFP) was issued in April, 2003.

The terms and conditions of the Draft Agreement to be signed by the prospective bidders, were included in the RFP documents. At this stage, various deviations sought by the bidders were discussed with them by NTPC Ltd. Based on the discussion, NTPC Ltd. accepted a number of deviations sought by the bidders and accordingly, modification in the Draft Agreement was carried out and a final amendment was issued to all the bidders. However, some deviations sought by the bidders could not be accepted by NTPC Ltd. Bidders had option to submit a supplementary price bid on acceptance of Final Amendment.

After issuance of the final amendment, only three bidders participated in the final bidding. The bidders who submitted the final bid, have not informed NTPC Ltd. that the terms and conditions for supply of gas were against international practices. Out of the three bids, one bid was from M/s Reliance Industries Limited (RIL) to supply gas by pipeline, the other bid was from Petronas, Malaysia, to supply Liquefied Natural Gas (LNG) on CIF (Cost including Insurance, Freight) basis and the third from Petronet LNG Ltd. to receive the LNG, regasify the same and supply to Power Plants.

(c) and (d) There was no failure of bidding process. M/s RIL, wbo was the lowest bidder in the International Bidding, was issued a Letter of Intent (LOI), which was duly accepted by them. However, M/s RIL did not sign Gas Sale and Purchase Agreement (GSPA), affecting the commissioning schedule of Kawas and Gandhar Power Projects during the Tenth Five Year Plan. The projects are now identified in the Eleventh Plan subject to signing of GSP A by M/s. RIL. The completion of the projects will take approximately 36 to 48 months from the date of signing of GSPA by M/s RIL. NTPC Ltd. has filed a suit in the Bombay High Court against RIL for specific performance of the contract. The matter is *sub-judice*.

Energy cooperation among ASEAN countries

2867. SHRIMATI JAYA BACHCHAN: Will the Minister of POWER be pleased to state:

(a) whether it is a fact that 10 member ASEAN countries, who attended the East Asia Summit, have agreed to strengthen and promote energy cooperation, while showing concern over the negative impact of high oil prices on economic growth and development in the region; and

(b) if so, the details thereof?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) At the 2nd East Asia Summit (EAS), held on 15th January, 2007 in Cebu, Philippines, a special session of energy, to achieve the shared goal of ensuring affordable energy